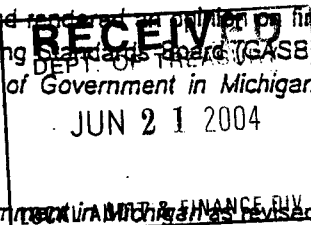


**AUDITING PROCEDURES REPORT**

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Lovells Township	County Crawford
Audit Date 3/31/04	Opinion Date 4/21/04	Date Accountant Report Submitted to State: 6/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government* in Michigan as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Keskine, Cook, Miller, Smith & Alexander LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature <i>Rachel Frisch</i>			

**TOWNSHIP OF LOVELLS**  
**CRAWFORD COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2004**

**TOWNSHIP OFFICIALS**

SUPERVISOR

FRED SCHAIBLY

CLERK

CHERYL HOPP

TREASURER

ANN DUBY

**TRUSTEES**

DELPHINE NOWACZYK

WARREN FUCHS

**LOVELLS TOWNSHIP**

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Keskin, Cook, Miller, Smith & Alexander LLP  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

April 21, 2004

To the Township Board  
Lovells Township  
Crawford County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Township of Lovells, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the major funds, and the aggregate remaining fund information of the Township of Lovells as of March 31, 2004, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2004.

The management's discussion and analysis on pages 3-6 and budgetary comparison information on pages 25-29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Keshi Cook Miller Smith & Alexander, LLP*  
KESKINE, COOK, MILLER, SMITH & ALEXANDER, LLP

**LOVELLS TOWNSHIP  
8405 Twin Bridge Road  
Grayling, MI 49735**

**LOVELLS TOWNSHIP MANAGEMENT DISCUSSION AND ANALYSIS**

This section of Lovells Township's annual financial report presents our discussion and analysis of our financial performance during the fiscal year ended March 31, 2004. Please read it in conjunction with the financial statements which immediately follow this section.

**Financial Highlights**

Overall revenues, as presented in the Statement of Activities, totaled \$261,433, of which \$13,922 represents program revenues (charges for services and operating grants), and \$247,511 represents general revenues (primarily property tax dollars).

Overall expenditures totaled \$302,454 for the Township as a whole.

The Township experienced a negative change in net assets of (\$41,021), due mainly to the recognition of depreciation expense, the decrease in state shared revenue dollars, significant road improvement expenditures, and the Township's decision to pay off its long-term debt early, in order to realize interest savings in future years.

The registered voter count increased and is now at 599 records.

The tax base increased by the rate of inflation. The taxable value of the Township for the 2003 tax year was \$40,118,298.

**Overview of the Financial Statements**

This annual report consists of three parts: the management discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities and/or business-type activities. The Township engages in no business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Supplementary information further explains and supports the financial statements information with budgetary comparisons.

## **Government-Wide Statements**

The government-wide statements report information about the Township as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the Township's assets and liabilities. The Statement of Activities records all the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities; this is one method to measure an entity's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider additional factors such as tax base changes, facility conditions, and specific transactions.

All of the activities of the Township are reported as governmental activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They also may be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and they show proper expenditure of those resources. The fund financial statements are prepared using the modified accrual basis of accounting, reporting only current transactions.

## **Financial Analysis of the Township as a Whole**

Net Assets – the entity's combined net assets decreased during the year ended March 31, 2004, to total \$907,260, of which \$456,319 is invested in capital assets.

This condition can be traced to the items noted in the "Financial Highlights" section of this letter.

## **Financial Analysis of the Township's Funds**

The Township has the following major funds:

*General Fund* – the General Fund is used to account for all activities not required to be accounted for in a separate fund. Revenues are derived primarily from property taxes and totaled \$135,682. General Fund expenditures totaled \$163,540.



## **Financial Analysis of the Township's Funds (Continued)**

The General Fund spent \$29,972 to help pay off the new fire truck and \$49,576 paving Shannon Road. The Township also contributed to the spraying for Gypsy Moths and the County Map System. The entire Township Hall and Fire Hall were repainted last spring. Legal size file cabinets and file folders were purchased for the Assessor's office to update the files and increase efficiency.

*Fire Fund* – the Fire Fund is used to account for all activities related to fire protection services. Revenues are derived primarily from property taxes and totaled \$41,050. Fire Fund expenditures totaled \$132,791, of which, \$74,684 was spent to extinguish the fire truck debt instrument. This has decreased the Fire Fund's fund balance, but has left the Township totally debt free. Expenditures were significantly higher than the 2003-2004 budget allowed, so the budget was amended.

*Landfill Fund* – the Landfill Fund is used to account for all activities related to the Township's landfill. Revenues are derived primarily from property taxes and totaled \$83,023. Landfill Fund expenditures were \$57,643. The yearly cost for Contracted Services was less than the previous years, which is probably due to the implementation of a \$5 fee for large item disposal.

The Township has the following non-major funds:

Library, Liquor Law Enforcement, and Gypsy Moth Funds. The Library and Gypsy Moth Funds were closed at the end of the fiscal year, and these activities will be included in the General Fund beginning on April 1, 2004.

The Township also maintains a fiduciary fund for tax collection and disbursement activities. The Township acts as a fiduciary for assets that belong to others. These activities do not appear in the government-wide financial statements since the assets do not belong to the entity.

### **Capital Asset and Long-term Debt Activity**

The USDA loan for the purchase of the new fire truck was retired.

### **Known Factors affecting future Operations**

There are no known potential contingencies such as lawsuits, upcoming contract negotiations, new grants or any changes in funding policies.

The Township Board is considering replacing playground equipment over the next few years.

### **Contracting Entity Management**

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the entity's finances and to demonstrate the entity's accountability for the revenues it receives. If you have questions, concerning this report, please contact Supervisor Fred Schaibly.

  
Lovells Township Supervisor

**TOWNSHIP OF LOVELLS  
STATEMENT OF NET ASSETS  
MARCH 31, 2004**

<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash	\$ 230,758
Investments	65,000
Receivables	19,176
Due from Fiduciary Fund	134,002
Prepaid Expenses	2,005
	<hr/>
Total Current Assets	450,941
<b>Non-Current Assets:</b>	
Capital Assets	741,432
Accumulated Depreciation	(285,113)
	<hr/>
Total Non-Current Assets	456,319
Total Assets	<hr/> 907,260 <hr/>
<b>NET ASSETS</b>	
Investment in Capital Assets	456,319
Net Assets, Unrestricted	450,941
	<hr/>
Total Net Assets	<hr/> \$ 907,260 <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2004**

<b>P R O G R A M   R E V E N U E S</b>				<b>NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS</b>
<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRI- BUTIONS</b>	<b>CAPITAL GRANTS AND CONTRI- BUTIONS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Township Administration	\$ -	\$ -	\$ -	\$ (75,426)
Assessing	-	-	-	(20,684)
Buildings and Grounds	1,274	-	-	(13,073)
Cemetery	2,093	-	-	700
Debt Service	-	-	-	(1,715)
Fire Protection	-	-	-	(72,165)
Gypsy Moth	-	-	-	(2,611)
Landfill	3,777	-	-	(53,866)
Library	367	428	-	174
Liquor Law Enforcement	-	871	-	198
Road Improvements	-	-	-	(49,756)
Zoning	5,112	-	-	(308)
<b>Total</b>	<b>(302,454)</b>	<b>12,623</b>	<b>1,299</b>	<b>(288,532)</b>
<b>GENERAL REVENUES</b>				
Property Taxes:				
Levied for General Purposes				35,696
Levied for Fire Protection				38,914
Levied for Landfill				77,719
Property Tax Collection Fee				7,892
State Shared Revenue (not restricted to specific purposes)				39,848
Swamp Tax				40,943
Interest on Investments				5,820
Other				679
<b>Total General Revenues</b>				<b>247,511</b>
<b>Change in Net Assets</b>				<b>(41,021)</b>
<b>Net Assets - Beginning of Year</b>				<b>948,281</b>
<b>Net Assets - End of Year</b>				<b>\$ 907,260</b>

See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2004**

	<u>M A J O R F U N D S</u>				NON-MAJOR FUNDS	TOTAL
	GENERAL	FIRE	LANDFILL			
<b>ASSETS</b>						
Cash	\$ 138,391	\$ 14,375	\$ 77,368	\$ 624	\$	230,758
Investments	40,000	25,000	-	-	-	65,000
Delinquent Taxes Receivable	4,369	5,232	9,575	-	-	19,176
Due from Other Funds	31,440	33,965	68,597	-	-	134,002
Prepaid Expense	2,005	-	-	-	-	2,005
Total Assets	216,205	78,572	155,540	624		450,941
<b>FUND EQUITY</b>						
Fund Balance - Undesignated, Unreserved	214,200	78,572	155,540	624		448,936
- Reserved	2,005	-	-	-	-	2,005
Total Fund Equity	\$ 216,205	\$ 78,572	\$ 155,540	\$ 624	\$	450,941

See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2004**

<b>TOTAL FUND BALANCE - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET - PAGE 9)</b>	<b>\$ 450,941</b>
--	-------------------

Amounts reported for governmental activities in the Statement of Net Assets (page 7) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not used in the funds	456,319
--	---------

<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS - PAGE 7)</b>	<b>\$ 907,260</b>
--	-------------------

See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	<b>MAJOR FUNDS</b>			<b>NON MAJOR FUNDS</b>	<b>TOTAL</b>
	<b>GENERAL</b>	<b>FIRE</b>	<b>LANDFILL</b>		
<b>REVENUES</b>					
<b>Local Sources:</b>					
Property Taxes	\$ 35,696	\$ 38,914	\$ 77,719	\$ -	\$ 152,329
Charges for Services:					
Summer Tax Collection Fees	7,892	-	-	-	7,892
Permit Fees	1,280	-	-	-	1,280
Land Split Fees	300	-	-	-	300
Grave Openings	1,643	-	-	-	1,643
Library Reimbursements	125	-	-	-	125
Other:					
Cemetery Lot Sales	450	-	-	-	450
Hall Rental	1,149	-	-	-	1,149
Interest	2,824	1,457	1,527	12	5,820
Donations	-	-	-	428	428
Used Book Sales	-	-	-	302	302
Other	3,532	679	3,777	65	8,053
<b>State Sources:</b>					
State Shared Revenue	39,848	-	-	871	40,719
Swamp Tax	40,943	-	-	-	40,943
<b>Total Revenues</b>	<b>135,682</b>	<b>41,050</b>	<b>83,023</b>	<b>1,678</b>	<b>261,433</b>
<b>EXPENDITURES</b>					
General Government	158,120	-	-	-	158,120
Public Safety:					
Zoning	5,420	-	-	-	5,420
Fire Protection	-	58,107	-	-	58,107
Liquor Law Enforcement	-	-	-	673	673
Gypsy Moth	-	-	-	176	176
Landfill	-	-	57,643	-	57,643
Library	-	-	-	348	348
Debt Service	-	74,684	-	-	74,684
<b>Total Expenditures</b>	<b>163,540</b>	<b>132,791</b>	<b>57,643</b>	<b>1,197</b>	<b>355,171</b>
Excess (Deficiency) of Revenues over Expenditures	(27,858)	(91,741)	25,380	481	(93,738)
<b>OPERATING TRANSFERS IN/(OUT)</b>	<b>(25,154)</b>	<b>29,972</b>	<b>-</b>	<b>(4,818)</b>	<b>-</b>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(53,012)	(61,769)	25,380	(4,337)	(93,738)
Fund Balance - Beginning of Year	269,217	140,341	130,160	4,961	544,679
Fund Balance - End of Year	\$ 216,205	\$ 78,572	\$ 155,540	\$ 624	\$ 450,941

See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2004**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (PER STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - PAGE 11)</b>	<b>\$ (93,738)</b>
Amounts reported for governmental activities in the Statement of Activities (page 8) are different because:	
Depreciation expense, recorded in the statement of activities but not the governmental fund financial statements	(20,252)
Governmental funds do not report long-term debt; therefore, debt service payments are recorded as an expenditure. However, in the government-wide financial statements, long-term debt is recorded and debt service payments are applied against the outstanding balances	72,969
<b>CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF ACTIVITIES - PAGE 8)</b>	<b>\$ (41,021)</b>

See accompanying notes to financial statements.



**TOWNSHIP OF LOVELLS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
MARCH 31, 2004**

<b>ASSETS</b>		
Cash		\$ 134,261
		<u>          </u>
<b>LIABILITIES</b>		
Due to Other Funds		134,002
Due to Other Governments		259
		<u>          </u>
Total Liabilities		\$ 134,261
		<u>          </u>

See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED MARCH 31, 2004**

**RECEIPTS**

Property Taxes and Interest	\$ 1,362,283
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**DISBURSEMENTS**

Property Tax and Interest Disbursements	1,362,283
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Change in Fiduciary Net Assets	-
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Fiduciary Net Assets - Beginning of Year	-
--	---

Fiduciary Net Assets - End of Year	\$ -
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See accompanying notes to financial statements.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE A: ENTITY**

The Township of Lovells is a general law township of the State of Michigan located in Crawford County, Michigan. It operates under an elected board and provides service to its residents in many areas including law enforcement, community enrichment and human services. The criteria established for the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of Lovells Township.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of Lovells Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Lovells Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2003, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT WIDE AND FUND FINANCIAL STATEMENT PRESENTATION  
(CONTINUED)**

***Government-Wide Financial Statements (Continued)***

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Township has no business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**FUND TYPES AND MAJOR FUNDS**

***Governmental Funds***

The Township reports the following major governmental funds:

*General Fund* - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPES AND MAJOR FUNDS (CONTINUED)**

*Fire Fund* – This fund is used to account for all financial transactions related to fire protection services provided by the Township. Property taxes represent the main source of revenue.

*Landfill Fund* – This fund is used to account for all financial transactions of the Township's landfill activities. Revenues are primarily from property taxes.

The Township reports, in total, the following non-major funds:

Liquor Law Enforcement, Gypsy Moth, and Library.

***Other Funds***

*Fiduciary Funds* - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

***Government-Wide Financial Statements***

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments. Fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

***Governmental Fund Financial Statements***

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2003, are recorded as revenue in the current year. The Township's taxable value for the 2003 tax year totaled \$40,118,298.

The tax rates for the year ended March 31, 2004, were as follows:

<b>PURPOSE</b>	<b>RATE/ASSESSED VALUATION</b>
General	0.8845 mills per \$1,000
Fire	1.0591 mills per \$1,000
Landfill	1.9380 mills per \$1,000

**BUDGET**

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGET (CONTINUED)**

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional and activity basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level. Budgets as adopted end on March 31 of each year. There are no carryover budget items. During the year ended March 31, 2004, over-expenditures were noted in the Fire Fund in the amount of \$14,046.

**CAPITAL ASSETS AND DEPRECIATION**

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	30 – 75
Improvements, other than buildings	10 – 20
Machinery and equipment	5 – 10
Vehicles	25 – 40

Land, construction in progress, and library books and periodicals are not depreciated.

With respect to asset improvements, costs over \$1,000 should be capitalized if:

1. The estimated life of the asset is extended by more than 25%, or
2. The cost results in an increase in the capacity of the asset, or
3. The efficiency of the asset is increased by more than 10%, or
4. Significantly changes the character of the asset, or
5. In the case of streets and roads, if the work done impacts the "base" structure.
6. Other wise, the cost should be expensed as repair and maintenance.

For information describing capital assets, see Note E.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**USE OF ESTIMATES**

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as much, include amounts based on informed estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

**NOTE C: CASH AND INVESTMENTS**

Cash consists of bank accounts or securities with original maturities of 90 days or less.

All cash deposits are maintained in financial institutions in Northern Michigan. The Township's deposits are categorized to give an indication of the level of risk assumed by the Township at fiscal year-end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the Township or by its agent in the Township's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3 – Uncollateralized.

	<u>BANK BALANCE</u>	<u>1</u>	<u>CATEGORY 2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
General	\$ 138,583	\$ 97,436	\$ -	\$ 41,147	\$ 138,391
Landfill	77,380	77,380	-	-	77,368
Fire	14,470	14,470	-	-	14,375
Liquor Law	624	624	-	-	624
Total	<u>\$ 231,057</u>	<u>\$ 189,910</u>	<u>\$ -</u>	<u>\$ 41,147</u>	<u>\$ 230,758</u>
Trust & Agency	134,272	-	-	134,272	134,261



**TOWNSHIP OF LOVELLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2004**

**NOTE C: CASH AND INVESTMENTS (CONTINUED)**

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's investments are as follows:

- (1) Insured or securities held by the Township or the Township's agent in the Township's name.
- (2) Uninsured with securities held by the counter party's trust department or its agent in the Township's name.
- (3) Uninsured with securities held by the counter party's trust department or agent but not in the Township's name.

	1	CATEGORY 2	3	CARRYING AMOUNT
General	\$ -	\$ 40,000	\$ -	\$ 40,000
Fire	-	25,000	-	25,000
	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>

**NOTE D: DUE FROM/TO OTHER FUNDS**

Due From/To Other Funds represents \$134,002 collected in current tax collection fund that had not been distributed at March 31, 2004, to the various funds as follows:

General Fund	\$ 31,440
Fire Fund	33,965
Landfill Fund	68,597
	<u>\$ 134,002</u>

**NOTE E: CAPITAL ASSETS**

	<b><u>CAPITAL ASSETS NOT DEPRECIATED</u></b>	<b><u>CAPITAL ASSETS DEPRECIATED</u></b>				
	Land & Improv.	Buildings	Data Handling Equipment	Vehicles and Equipment	Library Books & Periodicals	Totals
<b>Governmental Activities</b>						
<i>Capital Assets</i>						
Balance, April 1, 2003	\$ 52,599	\$ 188,950	\$ 9,721	\$ 440,162	\$ 50,000	\$ 741,432
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Balance, March 31, 2004	<u>52,599</u>	<u>188,950</u>	<u>9,721</u>	<u>440,162</u>	<u>50,000</u>	<u>741,432</u>
<i>Accumulated Depreciation</i>						
Balance, April 1, 2003	-	43,164	5,782	190,915	25,000	264,861
Increases	-	2,572	1,094	16,086	500	20,252
Decreases	-	-	-	-	-	-
Balance, March 31, 2004	<u>-</u>	<u>45,736</u>	<u>6,876</u>	<u>207,001</u>	<u>25,500</u>	<u>285,113</u>
<i>Capital Assets, Net</i>	<u>\$ 52,599</u>	<u>\$ 143,214</u>	<u>\$ 2,845</u>	<u>\$ 233,161</u>	<u>\$ 24,500</u>	<u>\$ 456,319</u>

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2004**

**NOTE E: CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Township as follows:

***Governmental Activities***

Township Administration	\$ 1,094
Buildings and Grounds	2,693
Parks	167
Library	2,240
Fire	14,058
Total	<u>\$ 20,252</u>

**NOTE F LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended March 31, 2004:

<u>Description and Purpose</u>	<u>Balance April 1, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance March 31, 2004</u>	<u>Due Within One Year</u>
Major Governmental Fund:					
Fire Truck Note	<u>\$ 72,969</u>	<u>\$ -</u>	<u>\$ 72,969</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term debt as of March 31, 2004, consists of the following:

**FIRE TRUCK NOTE**

In September 2000, the Township entered into a loan agreement with the United States Department of Agriculture. The Township used the proceeds of \$125,000 to finance the purchase of a fire truck. The note bears an interest rate of 4.25%. The Township paid the loan balance in full in August 2003.

**NOTE G: FUND BALANCE/NET ASSETS**

**RESERVATION OF FUND BALANCE**

The Township has reserved fund balance in the amount of \$2,005 related to prepaid insurance expense.

**TOWNSHIP OF LOVELLS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED MARCH 31, 2004**

**NOTE G: FUND BALANCE/NET ASSETS (CONTINUED)**

**CALCULATION OF BEGINNING NET ASSETS**

The Township adopted GASB Statement No. 34 effective April 1, 2003. The following represents the reconciliation of the Townships fund balance as of April 1, 2003, to its beginning net assets balance, as presented in the Statement of Activities, for the year ended March 31, 2004:

Total Fund Balance, April 1, 2003	\$ 544,679
Record capital assets	741,432
Record accumulated depreciation	( 264,861)
Record long-term debt	( 72,969)
Beginning Net Assets, April 1, 2003	<u>\$ 948,281</u>

**NOTE H: PENSION PLAN**

The Township of Lovells contributes to the Township of Lovells Pension Plan, which is a defined contribution pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions. Upon the date of hire, all salaried employees are eligible to participate in the plan. Contributions made by both the Township and employees vest immediately. The participant will receive benefits at age 65 or the tenth anniversary of the date the participant commenced participation of the plan if later.

The plan requires the Township to contribute 10% of the eligible employees wages. During the year the Township contributed \$3,698 to the plan which was 10% of its current year covered payroll.

**TOWNSHIP OF LOVELLS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2004**

**NOTE I: CONTINGENCIES**

**INSURANCE**

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participating plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

**TOWNSHIP OF LOVELLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
<b>Local Sources:</b>				
Current Property Tax	\$ 30,000	\$ 30,000	\$ 35,696	\$ 5,696
Charges for Services:				
Summer Tax Collection	7,892	7,892	7,892	-
Permit Fees	100	100	1,280	1,180
Land Split Fees	75	75	300	225
Grave Openings	500	500	1,643	1,143
Library Utilities	125	125	125	-
Other:				
Cemetery Lots	100	100	450	350
Town Hall Rent	300	300	1,149	849
Interest on Investment	2,000	2,000	2,824	824
Other	3,000	3,000	3,532	532
<b>State Sources:</b>				
State Shared Revenue	30,000	30,000	39,848	9,848
Swamp Tax	40,863	40,863	40,943	80
Total Revenues	114,955	114,955	135,682	20,727
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
<b>Township Board:</b>				
Salaries	2,250	2,250	1,950	300
Mileage	50	50	-	50
Total Township Board	2,300	2,300	1,950	350
<b>Township Supervisor:</b>				
Salary	11,785	11,785	11,785	-
Mileage	400	424	423	1
Total Township Supervisor	12,185	12,209	12,208	1
<b>Elections:</b>				
Salaries	300	475	-	475
Other	30	50	-	50
Total Elections	330	525	-	525
<b>Township Assessor:</b>				
Salary	19,200	19,200	19,200	-
Computer Program	500	1,000	575	425
Mileage	400	500	909	(409)
Total Township Assessor	20,100	20,700	20,684	16
<b>Township Clerk:</b>				
Salary	11,285	11,285	11,285	-
Deputy Salary	500	500	-	500
Mileage	200	200	90	110
Total Township Clerk	11,985	11,985	11,375	610

**TOWNSHIP OF LOVELLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>Board of Review:</b>				
Salaries	2,000	1,550	700	850
Mileage	60	60	-	60
<b>Total Board of Review</b>	<b>2,060</b>	<b>1,610</b>	<b>700</b>	<b>910</b>
<b>Township Treasurer:</b>				
Salary	11,285	11,285	11,285	-
Deputy Salary	600	600	47	553
Mileage	1,200	1,200	1,185	15
<b>Total Township Treasurer</b>	<b>13,085</b>	<b>13,085</b>	<b>12,517</b>	<b>568</b>
<b>Buildings and Grounds:</b>				
Maintenance Salary	4,800	4,800	1,705	3,095
Supplies	300	350	139	211
Utilities	8,000	8,000	8,543	(543)
Repair and Maintenance	2,700	2,700	1,100	1,600
Building Improvements	20,000	25,000	-	25,000
Road Improvements	10,000	49,756	49,756	-
<b>Total Buildings and Grounds</b>	<b>45,800</b>	<b>90,606</b>	<b>61,243</b>	<b>29,363</b>
<b>Cemetery:</b>				
Grave Opening and Closing	600	600	1,393	(793)
Cemetery Utilities	300	900	-	900
<b>Total Cemetery</b>	<b>900</b>	<b>1,500</b>	<b>1,393</b>	<b>107</b>
<b>Gypsy Moth Expenses</b>	<b>-</b>	<b>-</b>	<b>5,286</b>	<b>(5,286)</b>
<b>Unallocated General Government:</b>				
Fringe Benefits	800	800	456	344
Pension	4,318	4,416	4,331	85
Contracted Services	11,000	11,000	3,317	7,683
Office Supplies	1,000	1,000	791	209
Postage	3,000	3,000	2,202	798
Computer Program	1,100	650	3,604	(2,954)
Legal and Audit Fees	2,500	2,500	1,423	1,077
Printing and Publishing	1,500	2,000	581	1,419
Insurance and Bonds	6,000	6,500	6,420	80
Office Equipment Maintenance	1,500	1,500	294	1,206
County Programs	2,000	2,000	3,636	(1,636)
Membership and Dues	700	700	652	48
Education	1,000	2,000	795	1,205
Equipment	500	2,000	1,954	46
Road Signs	300	300	300	-
Refunds	210	9,826	8	9,818
<b>Total Unallocated General Government</b>	<b>37,428</b>	<b>50,192</b>	<b>30,764</b>	<b>19,428</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>146,173</b>	<b>204,712</b>	<b>158,120</b>	<b>46,592</b>

**TOWNSHIP OF LOVELLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED MARCH 31, 2004**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>PUBLIC SAFETY</b>				
<b>Zoning Administrator:</b>				
Salary	3,800	3,800	3,800	-
Mileage	700	700	662	38
Total Zoning Administrator	4,500	4,500	4,462	38
<b>Zoning Board of Appeals:</b>				
Salaries	2,300	2,300	945	1,355
Mileage	150	200	13	187
Total Zoning Board of Appeals	2,450	2,500	958	1,542
<b>TOTAL PUBLIC SAFETY</b>	6,950	7,000	5,420	1,580
Total Expenditures	153,123	211,712	163,540	48,172
Excess (Deficiency) of Revenues over Expenditures	(38,168)	(96,757)	(27,858)	68,899
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers In/(Out)	(30,000)	(30,000)	(25,154)	4,846
Excess (Deficiency) of Revenues over Expenditures and Other Uses	(68,168)	(126,757)	(53,012)	73,745
Fund Balance - Beginning of Year	269,217	269,217	269,217	-
Fund Balance - End of Year	<u>\$ 201,049</u>	<u>\$ 142,460</u>	<u>\$ 216,205</u>	<u>\$ 73,745</u>

**TOWNSHIP OF LOVELLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
Current Property Tax	\$ 54,608	\$ 54,608	\$ 38,914	\$ (15,694)
Interest on Investment	1,700	1,700	1,457	(243)
Other	-	-	679	679
Total Revenues	56,308	56,308	41,050	(15,258)
<b>EXPENDITURES</b>				
Wages	11,600	11,650	15,323	(3,673)
Medical Expenses	2,550	2,550	2,609	(59)
Fringe Benefits	1,078	1,082	1,455	(373)
Supplies	700	700	1,364	(664)
Travel and Expenses	1,000	1,000	2,488	(1,488)
Insurance	5,600	5,600	6,066	(466)
Utilities	4,500	4,500	5,947	(1,447)
Repairs and Maintenance	4,450	4,450	6,511	(2,061)
Education	1,100	1,100	1,533	(433)
Operating Supplies, Small Equipment	5,400	5,400	14,811	(9,411)
Debt Service:				
Principal	15,000	78,713	72,969	5,744
Interest	-	2,000	1,715	285
Total Expenditures	52,978	118,745	132,791	(14,046)
Excess (Deficiency) of Revenues over Expenditures	3,330	(62,437)	(91,741)	(29,304)
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers in from General Fund	-	-	29,972	29,972
Excess (Deficiency) of Revenues and Other Sources over Expenditures	3,330	(62,437)	(61,769)	668
Fund Balance - Beginning of Year	140,341	140,341	140,341	-
Fund Balance - End of Year	\$ 143,671	\$ 77,904	\$ 78,572	\$ 668



**TOWNSHIP OF LOVELLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
LANDFILL FUND  
FOR THE YEAR ENDED MARCH 31, 2004**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET</b>
<b>REVENUES</b>				
Current Property Tax	\$ 67,700	\$ 67,700	\$ 77,719	\$ 10,019
Other Fees	3,850	3,850	3,777	(73)
Interest on Investment	1,000	1,000	1,527	527
<b>Total Revenues</b>	<b>72,550</b>	<b>72,550</b>	<b>83,023</b>	<b>10,473</b>
<b>EXPENDITURES</b>				
Salaries	12,000	12,000	11,002	998
Fringe Benefits	918	918	842	76
Contracted Services	42,000	42,000	43,079	(1,079)
Utilities	1,500	1,500	1,762	(262)
Repair and Maintenance	200	200	43	157
Snowplowing	1,200	1,200	850	350
Small Equipment	100	100	-	100
Miscellaneous	200	3,106	65	3,041
<b>Total Expenditures</b>	<b>58,118</b>	<b>61,024</b>	<b>57,643</b>	<b>3,381</b>
Excess (Deficiency) of Revenues over Expenditures	14,432	11,526	25,380	13,854
Fund Balance - Beginning of Year	130,160	130,160	130,160	-
Fund Balance - End of Year	<u>\$ 144,592</u>	<u>\$ 141,686</u>	<u>\$ 155,540</u>	<u>\$ 13,854</u>

**TOWNSHIP OF LOVELLS  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
MARCH 31, 2004**

	<b>LIBRARY</b>	<b>LIQUOR LAW ENFORCEMENT</b>	<b>GYPSY MOTH</b>	<b>TOTAL</b>
<b>ASSETS</b>				
Cash	\$ -	\$ 624	\$ -	\$ 624
<b>FUND EQUITY</b>				
Fund Balance	\$ -	\$ 624	\$ -	\$ 624

**TOWNSHIP OF LOVELLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NON-MAJOR FUNDS  
YEAR ENDED MARCH 31, 2004**

	<b>LIBRARY</b>	<b>LIQUOR LAW ENFORCEMENT</b>	<b>GYPSY MOTH</b>	<b>TOTAL</b>
<b>REVENUES</b>				
Book Fines and Other	\$ 367	\$ -	\$ -	\$ 367
Donations	428	-	-	428
State Shared	-	871	-	871
Interest	7	-	5	12
Total Revenues	802	871	5	1,678
<b>EXPENDITURES</b>				
Book and Video Purchases	348	-	-	348
Public Safety	-	673	176	849
Total Expenditures	348	673	176	1,197
Excess (Deficiency) of Revenues over Expenditures	454	198	(171)	481
<b>OPERATING TRANSFERS OUT</b>	(1,967)	-	(2,851)	(4,818)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	(1,513)	198	(3,022)	(4,337)
Fund Balance - Beginning of Year	1,513	426	3,022	4,961
Fund Balance - End of Year	\$ -	\$ 624	\$ -	\$ 624